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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE WR 27-82

WASHINGTON, July 8--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

AUSTRALIA's 1982 wheat crop potential is suffering from severe drought conditions, indicating production substantially below last year's level of 16.4 million tons, according to the U.S. agricultural counselor in Canberra. Major portions of the eastern wheat producing states have been without significant rain since early March. In northern New South Wales, only about 30-40 percent of the wheat crop has been planted, and none of this has emerged. Optimum sowing time is past and yield prospects drop roughly 10 percent for each week planting is delayed beyond June 30.

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For the first time in 22 years, the Government of JAPAN has not increased the price at which it will purchase wheat from Japanese producers. The purchase price will remain at the 1981 level of Yen 11,047 per 60 kilograms ($714 per ton) for the 1982 wheat crop.

Over the years, Japan encouraged its farmers to increase wheat production by insulating them from world competition and by providing the incentive of high prices. The decision not to increase the wheat purchase price for 1982 stems from budgetary limitations and from the criticism that would be forthcoming from the major wheat exporting countries in this time of weak international wheat prices. U.S. wheat can be currently purchased c.&f. Japan for around $200 per ton.

Not increasing the domestic purchase price is not expected to stimulate increased wheat imports, since the level of payments is well above world prices and wheat is still an attractive alternative for Japanese farmers relative to other crops. While Japanese wheat production is forecast to increase to about 700,000 tons in 1982, annual Japanese wheat imports have remained stagnant for the past 3 years at just over 5.6 million tons, and might actually decline during 1982/83. The United States supplies about 60 percent of these imports. Japanese wheat production and imports are as follows in million tons (July/June years):

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Year	Production	Imports
1977/78	0.24	5.8
1978/79	0.37	5.7
1979/80	0.54	5.6
1980/81	0.58	5.8
1981/82 1/	0.59	5.7
1982/83 2/	0.72	5.5

1/ Estimate. 2/Forecast.

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Dry conditions during May and June in the southern provinces of SOUTH KOREA, a major rice producing region, may adversely affect 1982/83 rice production, according to the U.S. agricultural counselor in Seoul. Rainfall levels in the southern areas measured 20-30 percent of normal during the May-June planting period. The area affected to date is relatively small and mostly upland rice; however, if rains are not received soon, a substantial percentage of the planted paddy area is expected to begin suffering from moisture stress. Irrigation supplies have been adequate for transplanting and early development of the rice crop; however, water supplies are not sufficient to sustain the crop without appreciable replenishment from good seasonal rains.

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The SOVIET UNION's 1982 forage crop season is off to a late start, and prospects for a satisfactory harvest are not good. Unusually cool weather in the western part of the country has not promoted grass growth. Also, development of hay and corn was hampered by dry weather in the southern regions during May. In addition to generally unfavorable weather, conditions have been aggravated by organizational and equipment problems. For example, as of mid-June, Soviet authorities reported that only 73 percent of the silage-making equipment was in working order.

The importance of the 1982 forage crop to Soviet livestock production is heightened by gloomy prospects for the grain harvest. As of June 1, cattle numbers on state and collective farms were a record high 95.4 million head, with cows totaling 30.0 million head. Cattle and cow numbers in the past 4 years were as follows in million head:

Year	Total Cattle	Cows
1978	92.5	29.3
1979	93.7	29.7
1980	94.0	29.8
1981	94.8	29.9

In the Soviet dairy sector, milk output during January-May has declined steadily since 1978. Compared to January-May 1978, output in 1982 fell 12 percent and average output per cow dropped 14 percent.

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OILSEEDS AND PRODUCTS

The PHILIPPINES Coconut Authority is assessing the extent of damage caused by Socorro Wilt disease, which is affecting coconut trees in the islands of Mindoro, Cebu, and Palawan, according to the U.S. agricultural attache in Manila. Industry sources indicate that if the disease is brought under control promptly, losses due to this disease will have very little, if any, impact on Philippine exports of coconut products.

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WEST GERMANY's 1982 rapeseed production will increase nearly 30 percent from last year's level of 360,000 tons, according to the U.S. agricultural counselor in Bonn. Recent surveys report winter rape plantings reached 178,000 hectares. Severe winterkill, particularly in lower Saxony, reduced harvested area to an estimated 166,000 hectares, still an increase of about 14 percent above 1981. In view of favorable spring growing conditions, good yields are indicated.

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FRANCE's 1982 sunflowerseed planted area is now expected to increase nearly 75 percent from a year ago to 270,000 hectares, due to an attractive EC price policy, according to the U.S. agricultural counselor in Paris. However, dry weather conditions during most of April have raised concern over yields. While yields are expected to be substantially below the 2.27 tons and 2.58 tons per hectare in 1980 and 1981, respectively, production will be considerably higher than the 400,000-ton crop harvested in 1981.

COTTON

In TURKEY, weather conditions in the Aegean region have not been favorable for the sowing of the 1982/83 cotton crop. Heavy rains persisted until the end of May, delaying sowing operations and in some instances necessitating replanting. Moreover, wide variations in temperature have somewhat retarded early plant development. Thus, cotton production in 1982/83 is expected to be moderately below the previous year's level of 2.24 million bales. If the adverse weather conditions prevail, production prospects could decline further.

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PERU's cotton area during the 1981/82 season declined to 121,000 hectares from 144,000 hectares the previous year due to producer dissatisfaction with cotton support prices. Producers claimed that the support prices did not compensate for the 75 percent inflation rate in 1981. Reportedly, farmers are also unhappy with the 1982/83 support price levels. Thus, cotton area is expected to drop again this year. Most of this decline will result in shifts to more remunerative crops, such as corn and rice. In the past several years, production has stagnated due to slumping internal demand and reduced purchases from Europe--Peru's primary foreign market.

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AUSTRALIA's cotton production expanded from 454,000 bales in 1980/81 to 599,000 bales in 1981/82 because of the profitability associated with growing cotton. Barring poor weather and water shortages, output in the 1982/83 season could exceed the previous year's level. Most of the recent expansion in output is attributable to favorable growing and harvesting conditions and a more than threefold expansion in acreage since the mid-1970s. Moreover, the number of cotton farmers has more than doubled since that time.

The primary constraint to continued cotton acreage expansion in Australia is the limited availability of irrigation water. However, farmers are combating this problem by utilizing unregulated water supplies and experimenting with drip irrigation, similar to the Israeli system. Today, Australian cotton yields rank among the highest in the world.

TOBACCO

CHINA's National Tobacco Corporation previously stated that 1982 planted tobacco area could reach 867,000-933,000 hectares if prefecture and country officials did not impose plantings limits on growers. This level of planting could result in production that exceeds China's storage and processing capacity. However, despite signals to slow the rapid shift to tobacco, indications are that 1982 tobacco area has increased significantly. In Henan Province--the nations's leading tobacco producer--tobacco acreage reportedly may still have increased nearly 75 percent. Similar reports of increases in other producing areas have been received. With favorable weather, 1982 production could easily top the record 1981 crop of 1.25 million tons.

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KENYA's tobacco manufacturing industry is gearing up to meet rapidly changing consumer demands and preferences for cigarettes and tobacco products. The principal areas of focus include technical changes in cigarette design and smoking characteristics and the introduction of new technologies and materials in manufacturing and processing. During the next 3-4 years, the leading tobacco company in Kenya will reportedly invest about $20 million to modernize its Nairobi cigarette factory and upgrade its tobacco plant at Thika. When completed in early 1983, production capacity will be increased twofold, enabling the plant to process all its own domestic leaf requirements, as well as leaf for export.

Except for small quantities imported for blending, most of Kenya's current tobacco requirements are met through domestic production. Kenya's 1981 cigarette production reached a record high 4.97 billion pieces and is expected to rise to 5.14 billion in 1982. Small quantities of tobacco products (mainly cigarettes) are also traded.

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HORTICULTURAL AND TROPICAL PRODUCTS

BRAZIL has modified its export marketing policy for frozen concentrated orange juice (FCOJ) in response to a record high orange crop in the State of Sao Paulo of 205 million boxes or 8.4 million tons. Export registration for the 1982/83 season will be initiated at the $1,100 per ton minimum export price of last year. The export tax on FCOJ was reduced from 10 to 1 percent.

Brazilian exports of FCOJ make up roughly 75 percent of world trade in this product. A global export quota in the 400,000-440,000 ton range is programmed for the current FCOJ marketing year (June 1982-May 1983). The quota is subject to revision as the year progresses. Total FCOJ exports by Brazil in 1982/83 are forecast by USDA at 250,000 tons, 5 percent below a year earlier.

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Despite persistent drought conditions, SPAIN's citrus fruit sized better than expected. As a result, estimated total citrus output for the 1981/82 season has been revised upward to 3,004,000 tons--1 percent above the 1980/81 volume. Estimates by fruit type are as follows in 1,000 tons:

	1980/81	1980/82	
		1st Estimate	Revised Estimate
Sweet oranges	1,693	1,380	1,700
Tangerines	901	737	775
Lemons	342	427	500
Grapefruit	9	9	9
Sour oranges	18	18	20
Total	2,963	2,571	3,004

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TAIWAN's production of tomatoes for processing during November 1981-March 1982 is estimated at 270,000 tons, up 10 percent from 1980/81's very small output. (Production in 1979/80 was 491,368 tons.) Considerable replanting of the 1981/82 crop was necessitated by serious flooding last September in southern Taiwan, the main producing area. The replanting delayed part of the harvest season into the high wind period of March, causing lower yields.

The outlook for 1982/83 is for continued growth. With an expected return to higher yields, continued good export demand for tomato products and prevailing low stocks of canned tomato products, Taiwan's 1982/83 production could rise to 325,000 tons.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 6, 1982		Change from previous week	A year ago
	$ per m. ton	$ per bu.	¢ per bu.	$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	197.00	5.36	+5	244.00
U.S. No. 2 DNS/NS: 14%........	177.50	4.83	+8	198.00
U.S. No. 2 DHW/HW: 13.5%......	176.00	4.79	+8	209.00
U.S. No. 2 S.R.W..............	151.00	4.11	+5	157.00
U.S. No. 3 H.A.D..............	173.50	4.72	+7	200.50
Canadian No. 1 A: Durum.......	1/	1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn........	121.75	3.09	+3	158.25
U.S. No. 2 Sorghum 2/.........	1/	1/	1/	156.00
Feed Barley 3/................	1/	1/	1/	144.00
Soybeans:				
U.S. No. 2 Yellow.............	245.50	6.68	-6	294.00
Brazil 47/48% Soya Pellets 4/.	214.50	--	-5.50 5/	288.50
U.S. 44% Soybean Meal (MT)....	212.00	--	-1.00 5/	252.00
EC Import Levies				
Wheat 6/......................	94.85	2.58	-5	97.95
Barley........................	87.50	1.91	+7	80.95
Corn..........................	95.80	2.43	+5	67.05
Sorghum.......................	94.30	2.40	+4	62.10

1/ Not available.
2/ Optional delivery: Argentine Granifero Sorghum.
3/ Optional delivery: Canadian Feed Barley.
4/ Optional delivery: Argentine.
5/ Dollars per metric ton.
6/ Durum has a special levy.

Note: Basis July delivery.

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